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Department of State

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SENT TO: Amembassy LONDON 9660

~~From Treasury~~

Embassy Despatch 2368.

Insofar as trade with European Soviet Bloc is concerned US

Regulations (iee, Treasury's Transaction Control Regulations) pro-
hibit US companies (in absence of Treasury license) from allowing
their foreign branches or subsidiaries to ship certain strategic
commodities to the Bloc and prohibit US patent and similar licen-
sors from consenting (without a Treasury license) to such shipments
by their licensees where such consent is required by the terms of
the licensing agreement. The only commodities covered by these
Regulations are those on Positive List followed by Letter "A" (in-
ternationally embargoed items), items on Munitions Control Board
List, items on Atomic Energy List, gold, or narcotics. Presumably
these items would not be involved in proposed UK-Soviet trade.

Neither Department nor any other agency has advised US parent
companies or licensors that they should prevent shipments of other

~~reproduction~~
kinds

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kinds of goods (except US origin goods) from foreign countries to Russia even if they are in a position to do so. Of course foreign firms may not furnish/technical data exported from the US ~~to the Bloc~~ without Commerce approval.

Commerce Department is, however, proposing to amend the mandatory technical data controls over certain types of petro-chemical plant technology. Effect of such control will be to require U.S. firm proposing to export such technical data to free world licensees obtain assurances that neither the technical data nor products manufactured therefrom will be exported to sub group A destination or Poland. All posts will be notified when this amendment becomes effective.

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